

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 7 — 0 5

2. STATE:

MICHIGAN3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

March 3, 1997

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.252(b)

7. FEDERAL BUDGET IMPACT:

a. FFY 1997 \$ 112,546,800

b. FFY _____ \$ _____

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, pp. 2a and 2b

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-B, pp. 2a and 2b

10. SUBJECT OF AMENDMENT:

Special Outpatient Hospital Indigent Pool.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

James K. Haveman, Jr.

14. TITLE:

Director

15. DATE SUBMITTED:

3-13-97

16. RETURN TO:

Michigan Department of Community Health
Medical Services Administration
P.O. Box 30479
Lansing, MI 48909**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

03/17/97

18. DATE APPROVED:

6/6/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

3-3-97

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED

MAR 17 1997

HCF/ADMIN/CP

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

The indigent volume portion of the outpatient adjustor is:

$$1 + (\text{Indigent volume} \times .40) + .15$$

Only hospitals with at least \$8,000,000 in indigent charges are eligible for the 0.15 supplement to the adjustor. Off campus satellite clinics eligible for special Medicaid reimbursement as satellite clinics in health manpower shortage areas are not eligible for the 0.15 supplement to the outpatient adjustor.

The indirect medical education portion of the outpatient adjustor is:

$$\left(\left(1 + \frac{\text{Interns \& Residents}}{\text{Beds}} \right)^{.5795} - 1 \right) \times 1.5$$

The outpatient adjustor is the sum of the indigent care portion of the adjustor and the indirect medical education portion. Hospitals not located in Michigan or not enrolled in the Medicaid Program do not receive an adjustor for indigent volume or indirect medical education.

03/03/97 In addition to the regular indigent volume normally included as part of the fee screen based payments, eligible hospitals will receive a proportional share from a special indigent pool. A pool of \$44,012,800 will be distributed in periodic payments between January 16, 1997 and September 30, 1997. A separate pool of up to \$204,000,000 will be distributed in periodic payments between March 3, 1997 and September 30, 1997. Preliminary payments from these pools will be made to eligible hospitals based on each hospital's estimated Medicaid outpatient payments during state fiscal year 1997. Final settlement of the \$204,000,000 pool will be done separately from the \$44,012,800 pool, using state fiscal year (FY) 1997 paid claims data.

Eligibility for the special indigent pools are based on outpatient indigent volume data from hospital fiscal years ending between October 1, 1994 and September 30, 1995. These data have been subject to review and appeal and will not be changed.

Hospitals with outpatient indigent volume of at least 45% and outpatient indigent charges in the eligibility year (cost reports ending between October 1, 1994 and September 30, 1995) of at least \$18,000,000 will be eligible for additional special outpatient indigent payments from the \$44,012,800 pool.

TN No. 97-05

Approval _____

Effective Date 03/03/97

Supersedes

TN No. 97-04

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

03/03/97 Hospitals with outpatient indigent volume of at least 29% and outpatient indigent charges in the eligibility year (cost periods ending between October 1, 1994 and September 30, 1995) of at least \$20,000,000 will be eligible for additional special outpatient indigent payments from the pool of up to \$204,000,000.

03/03/97 This pool of up to \$204,000,000 will be distributed to eligible hospitals based on payments for services provided during state fiscal year 1997 (excluding the special indigent pool payments). The final settlement, using outpatient hospital Medicaid paid claims for eligible hospitals will be performed based on actual state fiscal year 1997 claims paid through December 31, 1998. Claims include Title XIX and Title V/XIX paid claims from provider types 40, 41 and 75.

For the purpose of these pools, Medicaid outpatient hospital reimbursement to any single hospital will be allowed to exceed the hospital's Medicaid outpatient charges and Medicaid payment may exceed a hospital's outpatient Medicaid cost.

The special indigent payments made under this provision will be exempt from the outpatient hospital charge and cost limits. The outpatient hospital charge limit is applied in the invoice processing system. Each outpatient claim is reimbursed the lesser of the fee screen based payments or actual charges. Claim line reimbursement in the invoice processing system does not include any special indigent pool payments, these are made in a separate payment.

TN No. 97-05

Approval _____

Effective Date 03/03/97

Supersedes

TN No. 97-04